

NIGERIA INVESTMENT INCENTIVES

AS PART OF THE EFFORTS TO PROVIDE AN ENABLING ENVIRONMENT THAT IS CONDUCTIVE TO THE GROWTH AND DEVELOPMENT OF INDUSTRIES, INFLOW OF FOREIGN DIRECT INVESTMENT (FDI), SHIELD EXISTING INVESTMENTS FROM UNFAIR COMPETITION, AND STIMULATE THE EXPANSION OF DOMESTIC PRODUCTION CAPACITY; THE FEDERAL GOVERNMENT OF NIGERIA HAS DEVELOPED A PACKAGE OF INCENTIVES FOR VARIOUS SECTORS OF THE ECONOMY. THESE INCENTIVES, IT IS HOPED, WILL HELP REVIVE THE ECONOMY, ACCELERATE GROWTH AND DEVELOPMENT AND REDUCE POVERTY.

NIGERIAN GOVERNMENT ACCEPTS THE PRIVATE SECTOR AS THE ENGINE OF GROWTH AND THE CREATOR OF WEALTH, WHILE THE GOVERNMENT'S MAJOR RESPONSIBILITY IS TO PROVIDE THE ENABLING ENVIRONMENT FOR THE PRIVATE INVESTORS TO OPERATE. IN THIS REGARD, LAWS WHICH HAD HITHERTO HINDERED PRIVATE SECTOR INVESTMENTS HAVE BEEN EITHER AMENDED OR REPEALED AND A NATIONAL COUNCIL ON PRIVATISATION HAS BEEN ESTABLISHED TO OVERSEE ORDERLY DIVESTMENT TO PRIVATE OPERATORS IN VITAL AREAS OF THE ECONOMY SUCH AS MINING, TRANSPORTATION, ELECTRICITY, TELECOMMUNICATIONS, PETROLEUM AND GAS.

NIGERIAN GOVERNMENT'S POLICY OF ECONOMIC DEREGULATION AND LIBERALISATION HAS OPENED UP NEW WINDOWS OF OPPORTUNITY TO ALL INVESTORS WISHING TO INVEST IN THE COUNTRY'S ECONOMY. IN THIS CONNECTION, AN INTEREST RATE REGIME

SUPPORTIVE OF THE REAL SECTOR OF THE ECONOMY AS WELL AS AN EXCHANGE RATE THAT IS MARKET DETERMINED ARE THE OBJECT OF GOVERNMENT POLICY. THE SECURITY OF LIFE AND PROPERTY OF THE CITIZENS ARE BEING VIGOROUSLY PURSUED WITH THE REORGANISATION AND STRENGTHENING OF THE NIGERIAN POLICE FORCE.

IN ADDITION, THE NIGERIAN INVESTMENT PROMOTION COUNCIL (NIPC) HAS BEEN STRENGTHENED TO ENABLE IT SERVE AS A ONE-STOP OFFICE FOR CLEARING ALL THE REQUIREMENTS FOR INVESTMENT IN THE COUNTRY. THE TARIFF STRUCTURE IS BEING REFORMED WITH A VIEW TO BOOSTING LOCAL PRODUCTION.

GOVERNMENT HAS INTRODUCED A NEW VISA POLICY TO ENABLE GENUINE FOREIGN INVESTORS TO PROCURE ENTRY VISA TO NIGERIA WITHIN 48 HOURS OF SUBMISSION OF REQUIRED DOCUMENTATION.

EXISTING "EXPATRIATE QUOTA" REQUIREMENT FOR FOREIGN NATIONALS WORKING IN NIGERIA IS IN THE PROCESS OF BEING REPLACED WITH "WORK

PERMIT" WHICH WILL BE ADMINISTERED BY THE NIGERIAN INVESTMENT PROMOTION COUNCIL (NIPC).

WITHIN THE PAST FEW YEARS FOLLOWING THE END OF MILITARY DICTATORSHIP IN NIGERIA, GOVERNMENT HAS PROGRESSIVELY INTRODUCED A NUMBER OF INCENTIVES DESIGNED TO PROMOTE INVESTMENTS. THESE ARE GROUPED AS FOLLOWS:

INDUSTRIAL SECTOR

TAXATION:

FISCAL MEASURES HAVE BEEN DRAWN TO PROVIDE FOR DEDUCTIONS AND ALLOWANCES IN THE DETERMINATION OF TAXABLE INCOME OF MANUFACTURING ENTERPRISES, INCLUDING:

- PIONEER STATUS, WHICH IS A CONCESSION TO PIONEER COMPANIES LOCATED IN ECONOMICALLY DISADVANTAGED AREAS, PROVIDING A TAX HOLIDAY PERIOD OF FIVE TO SEVEN YEARS. THESE INDUSTRIES MUST BE CONSIDERED BY THE GOVERNMENT, TO BE BENEFICIAL TO THE COUNTRY'S ECONOMY AND IN THE INTEREST OF THE PUBLIC. COMPANIES THAT ARE INVOLVED IN LOCAL RAW MATERIAL DEVELOPMENT; LOCAL VALUE ADDED; LABOUR INTENSIVE PROCESSING; EXPORT ORIENTED ACTIVITIES; IN-PLANT TRAINING; ARE ALSO QUALIFIED FOR ADDITIONAL CONCESSIONS.

TAX RELIEF FOR RESEARCH AND DEVELOPMENT (R&D)

UP TO 120% OF EXPENSES ON R&D ARE TAX DEDUCTIBLE PROVIDED THAT SUCH R&D ACTIVITIES ARE CARRIED OUT IN NIGERIA AND ARE CONNECTED WITH BUSINESSES TO WHICH ALLOWANCES ARE GRANTED. THE RESULT OF SUCH RESEARCH COULD BE PATENTED AND PROTECTED IN ACCORDANCE WITH INTERNATIONALLY ACCEPTED INDUSTRIAL PROPERTY RIGHTS.

LOCAL RAW MATERIALS UTILISATION:

30% TAX CONCESSION FOR FIVE YEARS TO INDUSTRIES THAT ATTAIN MINIMUM LOCAL RAW MATERIALS UTILISATION AS FOLLOWS:- - AGRO 80% - AGRO ALLIED 70% - ENGINEERING 65% - CHEMICAL 60% - PETRO-CHEMICAL 70%

LABOUR INTENSIVE MODE OF PRODUCTION:

15% TAX CONCESSION FOR FIVE YEARS. THE RATE IS GRADUATED IN SUCH A WAY THAT AN INDUSTRY EMPLOYING ONE THOUSAND PERSONS OR MORE WILL ENJOY 15% TAX CONCESSION WHILE AN INDUSTRY

EMPLOYING ONE HUNDRED WILL ENJOY ONLY 6%, WHILE THOSE EMPLOYING TWO HUNDRED WILL ENJOY 7%, AND SO ON.

LOCAL VALUE ADDED

10% TAX CONCESSION FOR FIVE YEARS. THIS APPLIES ESSENTIALLY TO ENGINEERING INDUSTRIES, WHILE SOME FINISHED IMPORTED PRODUCTS SERVE AS INPUTS. THIS IS AIMED AT ENCOURAGING LOCAL FABRICATION RATHER THAN THE MERE ASSEMBLY OF COMPLETELY KNOCKED DOWN PARTS.

IN-PLANT TRAINING

2% TAX CONCESSION FOR FIVE YEARS, OF THE COST OF THE FACILITIES FOR TRAINING.

EXPORT ORIENTED INDUSTRIES

10% TAX CONCESSION FOR FIVE YEARS. THIS CONCESSION WILL APPLY TO INDUSTRIES THAT EXPORT NOT LESS THAN 6% OF THEIR PRODUCTS.

INFRASTRUCTURE

20% OF THE COST OF PROVIDING BASIC INFRASTRUCTURES SUCH AS ROADS, WATER, ELECTRICITY, WHERE THEY DO NOT EXIST, IS TAX DEDUCTIBLE ONCE AND FOR ALL.

INVESTMENT IN ECONOMICALLY DISADVANTAGED AREAS

100% TAX HOLIDAY FOR SEVEN YEARS AND ADDITIONAL 5% DEPRECIATION OVER AND ABOVE THE INITIAL CAPITAL DEPRECIATION.

ABOLITION OF EXCISE DUTY

ALL EXCISE DUTIES WERE ABOLISHED WITH EFFECT FROM THE 1ST OF JANUARY, 1999.

IMPORT DUTY REBATE

A 25% IMPORT DUTY REBATE WAS INTRODUCED IN 1995 TO AMELIORATE THE ADVERSE EFFECT OF INFLATION AND TO ENSURE INCREASE IN CAPACITY UTILISATION IN THE MANUFACTURING SECTOR. INVESTORS ARE HOWEVER, ADVISED TO ASCERTAIN THE CURRENT OPERATIVE FIGURES AT THE TIME OF MAKING AN INVESTMENT, BECAUSE THESE CONCESSIONS HAVE UNDERGONE SOME AMMENDMENTS IN THE PAST FEW YEARS.

RE-INVESTMENT ALLOWANCE

THIS INCENTIVE IS GIVEN TO MANUFACTURING COMPANIES THAT INCUR CAPITAL EXPENDITURE FOR PURPOSES OF APPROVED EXPANSION OF PRODUCTION CAPACITY; MODERNISATION OF PRODUCTION FACILITIES; DIVERSIFICATION INTO RELATED PRODUCTS. IT IS AIMED AT ENCOURAGING REINVESTMENT OF PROFITS.

INVESTMENT TAX ALLOWANCE

UNDER THIS SCHEME, A COMPANY WOULD ENJOY GENEROUS TAX ALLOWANCE IN RESPECT OF QUALIFYING CAPITAL EXPENDITURE INCURRED WITHIN FIVE YEARS FROM THE DATE OF THE APPROVAL OF THE PROJECT.

DIVIDENDS DERIVED FROM MANUFACTURING COMPANIES IN PETRO-CHEMICAL AND LIQUEFIED NATURAL GAS SUB-SECTOR ARE EXEMPT FROM TAX.

COMPANIES WITH TURNOVER OF LESS THAN N1 MILLION ARE TAXED AT A LOW RATE OF 20% FOR THE FIRST FIVE YEARS OF OPERATION IF THEY ARE INTO MANUFACTURING.

DIVIDEND FROM COMPANIES IN MANUFACTURING SECTOR WITH TURNOVER OF LESS THAN N100 MILLION IS TAX-FREE FOR THE FIRST FIVE YEARS OF THEIR OPERATION.

INVESTMENT GUARANTEES/EFFECTIVE PROTECTION

TRANSFERABILITY OF FUNDS SECTION 24 OF NPC DECREE PROVIDES THAT A FOREIGN INVESTOR IN AN ENTERPRISE SHALL BE GUARANTEED UNCONDITIONAL TRANSFERABILITY OF FUNDS THROUGH AN AUTHORISED DEALER IN FREELY CONVERTIBLE CURRENCY OF:

- DIVIDENDS OR PROFIT (NET OF TAXES) ATTRIBUTABLE TO THE INVESTMENT;
- PAYMENTS IN RESPECT OF LOAN SERVICING WHERE A FOREIGN LOAN HAS BEEN OBTAINED;
- REMITTANCE OF PROCEEDS (NET OF ALL TAXES) AND OTHER OBLIGATIONS IN THE EVENT OF A SALE OR LIQUIDATION OF THE ENTERPRISE OR
- ANY INTEREST ATTRIBUTABLE TO THE INVESTMENT.

GUARANTEES AGAINST EXPROPRIATION

BY THE PROVISION OF SECTION 25 OF THE SAME NIPC DECREE, NO ENTERPRISE SHALL BE NATIONALISED OR

EXPROPRIATED BY ANY GOVERNMENT OF THE FEDERATION, UNLESS THE ACQUISITION IS IN THE NATIONAL INTEREST OR FOR PUBLIC PURPOSE; AND NO PERSON WHO OWNS EITHER WHOLLY OR IN PART, THE CAPITAL OF ANY ENTERPRISE SHALL BE COMPELLED BY LAW TO SURRENDER HIS INTEREST IN THE CAPITAL TO ANY OTHER PERSON.

THESE CAN ONLY BE DONE UNDER A LAW THAT MAKES PROVISION FOR:

- PAYMENTS OF FAIR AND ADEQUATE COMPENSATION; AND
- RIGHT OF ACCESS TO THE COURTS FOR THE DETERMINATION OF THE INVESTOR'S INTEREST OR RIGHT AND THE AMOUNT OF COMPENSATION TO WHICH HE IS ENTITLED.

IN ADDITION TO ALL THESE SAFEGUARDS, THE NIGERIAN GOVERNMENT IS PREPARED TO ENTER INTO INVESTMENT PROTECTION AGREEMENT WITH FOREIGN ENTERPRISES WISHING TO INVEST IN NIGERIA.

ACCESS TO LAND

ANY COMPANY INCORPORATED IN NIGERIA IS ALLOWED TO HAVE ACCESS TO LAND RIGHTS FOR THE PURPOSE OF ITS ACTIVITY IN ANY STATE IN THE COUNTRY. IT IS, HOWEVER, A REQUIREMENT THAT INDUSTRIAL COMPANIES COMPLY WITH REGULATIONS ON USE OF LAND FOR INDUSTRIAL PURPOSES AND WITH ENVIRONMENTAL REGULATIONS. LAND LEASE IS USUALLY FOR A TERM OF 99 YEARS UNLESS THE COMPANY STIPULATES A SHORTER DURATION.

OIL & GAS SECTOR

THE FOLLOWING FISCAL INCENTIVES HAVE BEEN APPROVED BY THE GOVERNMENT IN THE GAS PRODUCTION PHASE:

- TAX RATE UNDER PETROLEUM PROFIT TAX (PPT) ACT TO BE AT THE SAME RATE AS COMPANY TAX WHICH IS CURRENTLY AT 30%;
- CAPITAL ALLOWANCE AT THE RATE OF 20% PER ANNUM IN THE FIRST 4 YEARS, 19% IN THE 5TH YEAR AND THE REMAINING 1% IN THE BOOKS;
- INVESTMENT TAX CREDIT AT THE CURRENT RATE OF 5%;
- ROYALTY AT THE RATE OF 7% ON SHORE AND 5% OFFSHORE.

GAS TRANSMISSION AND DISTRIBUTION

- CAPITAL ALLOWANCE AS IN PRODUCTION PHASE;

- TAX RATE AS IN PRODUCTION PHASE;
- TAX HOLIDAY UNDER PIONEER STATUS.

LNG PROJECTS

- APPLICABLE TAX RATE UNDER PPT IS 45%;
- CAPITAL ALLOWANCE IS 33% PER ANNUM ONSIGHT-STRAIGHT-LINE BASIS IN THE FIRST THREE YEARS WITH WITH 1% REMAINING IN THE BOOKS;
- INVESTMENT TAX CREDIT OF 10%;
- ROYALTY OF 7% ON SHORE, 5% OFFSHORE TAX DEDUCTIBLE.

GAS EXPLOITATION (UPSTREAM OPERATIONS)

- ALL INVESTMENTS NECESSARY TO SEPARATE OIL FROM GAS FROM THE RESERVES INTO SUITABLE PRODUCTS IS CONSIDERED PART OF THE OIL FIELD DEVELOPMENT;
- CAPITAL INVESTMENT FACILITIES TO DELIVER ASSOCIATED GAS IN USABLE FORM AT UTILISATION OR TRANSFER POINTS WILL BE TREATED FOR FISCAL PURPOSES AS PART OF THE CAPITAL INVESTMENT FOR OIL DEVELOPMENT;
- CAPITAL ALLOWANCES, OPERATING EXPENSES AND BASIS FOR ASSESSMENT WILL BE SUBJECTED TO THE PROVISIONS OF THE PPT ACT AND THE REVISED MEMORANDUM OF UNDERSTANDING (MOU).

GAS UTILISATION (DOWNSTREAM OPERATIONS)

INCENTIVES FOR ENCOURAGEMENT OF EXPLOITATION AND UTILISATION OF ASSOCIATED GAS FOR COMMERCIAL PURPOSE INCLUDE:

- AN INITIAL TAX FREE PERIOD OF THREE YEARS RENEWABLE FOR AN ADDITIONAL TWO YEARS;
- 15% INVESTMENT CAPITAL ALLOWANCE WHICH SHASHALL NOT REDUCE THE VALUE OF THE ASSET;
- ALL FISCAL INCENTIVES UNDER THE GAS UTILISATION DOWNSTREAM OPERATIONS IN 1997 ARE TO BE EXTENDED TO INDUSTRIAL PROJECTS THAT USE GAS IN POWER PLANTS, GAS TO LIQUID PLANTS, FERTILISER PLANTS AND GAS DISTRIBUTION/TRANSMISSION PLANTS;
- THE INITIAL TAX HOLIDAY IS TO EXTEND FROM THREE TO FIVE YEARS;
- GAS IS TRANSFERRED AT 0% PPT AND 0% ROYALTY;
- INVESTMENT CAPITAL ALLOWANCE IS INCREASED FROM 5% TO 15%;

- INTEREST ON LOANS FOR GAS PROJECTS IS TO BE TAX DEDUCTIBLE PROVIDED THAT PRIOR APPROVAL WAS OBTAINED FROM THE FEDERAL MINISTRY OF FINANCE BEFORE TAKING THE LOAN;
- ALL DIVIDENDS DISTRIBUTED DURING THE TAX HOLIDAY SHALL NOT BE TAXED.

OIL & GAS FREE ZONE

INCENTIVES AND FISCAL MEASURES APPROVED BY THE GOVERNMENT THAT FAVOUR AND ENCOURAGE LARGE INVESTMENT IN THE REGION INCLUDE:

- NO PERSONAL INCOME TAX;
- 100% REPATRIATION OF CAPITAL & PROFIT;
- NO FOREIGN EXCHANGE REGULATION;
- NO PRE-SHIPMENT INSPECTION FOR GOODS IMPORTED INTO THE FREE ZONE;
- NO EXPATRIATE QUOTA;
- INITIAL TAX HOLIDAYS PERIOD HAS BEEN EXTENDED FROM 3 TO 5 YEARS AND RENEWABLE FOR ANOTHER 2 YEARS;
- INVESTMENT CAPITAL ALLOWANCE HAS BEEN INCREASED FROM 5% TO 15%;
- ALL DIVIDENDS DISTRIBUTED DURING THE TAX HOLIDAY SHALL BE TAX-FREE, ETC.

PETROLEUM

INDUSTRY

VERY SIMILAR GENEROUS INCENTIVES PACKAGE WAS GRANTED THE JOINT VENTURE SYSTEM AND IS CONTAINED IN THE MOU SIGNED WITH OIL COMPANIES. DETAILS OF THIS CAN BE DOWN-LOADED FROM OUR SOON-TO-BE-LAUNCHED EMBASSY WEBSITE - WWW.NIGERIAEMBASSYUSA.ORG.

AGRICULTURE

WITHOUT PREJUDICE TO GOVERNMENTS DEREGULATION OF THE FINANCIAL SECTOR, BANKS HAVE BEEN ENJOINED TO RECOGNISE THE DIFFERENCES IN THE GESTATION PERIODS WITHIN EACH CATEGORY OF AGRICULTURAL LOANS RANGING FROM 6 MONTHS TO 10 YEARS, FOR CROPS, LIVESTOCK, FISHERIES, FORESTRY AND WILD LIFE.

IN ADDITION, THE FOLLOWING INCENTIVES ARE ALSO AVAILABLE;

- COMPANIES IN THE AGRO-ALLIED BUSINESS DO NOT HAVE THEIR CAPITAL ALLOWANCE RESTRICTED TO 60% BUT GRADUATED IN FULL - 100%;

- AGRO-ALLIED PLANT AND EQUIPMENT ENJOY ENHANCED CAPITAL ALLOWANCES OF UP TO 50%.

SOLID MINERALS

NIGERIA IS RICHLY ENDOWED WITH A VARIETY OF SOLID MINERALS OF VARIOUS CATEGORIES RANGING FROM PRECIOUS METALS, STONES AND INDUSTRIAL

MINERALS SUCH AS BARYTES, GYPSUM, KAOLIN AND MARBLE.

THE MINISTRY OF SOLID MINERALS HAS WORKED OUT A PACKAGE OF ATTRACTIVE INCENTIVES FOR POTENTIAL INVESTORS IN THE SOLID MINERALS SECTOR, INCLUDING:

- 3 TO 5 YEARS TAX HOLIDAY;
- DEFERRED ROYALTY PAYMENTS DEPENDING ON THE MAGNITUDE OF THE INVESTMENT AND STRATEGIC NATURE OF THE PROJECT;
- POSSIBLE CAPITALISATION OF EXPENDITURE ON EXPLORATION AND SURVEYS;
- PROVISION OF 100% FOREIGN OWNERSHIP OF MINING COMPANIES OR CONCERNS;
- IN ADDITION TO ROLL-OVER RELIEF UNDER THE CAPITAL GAINS TAX (CGT), COMPANIES REPLACING THEIR PLANTS AND MACHINERY ARE TO ENJOY A ONCE-AND-FOR-ALL 95% CAPITAL ALLOWANCE IN THE FIRST YEAR WITH 5% RETENTION VALUE UNTIL THE ASSET IS DISPOSED OF, ETC.

TOURISM

THE TOURISM SECTOR WAS ACCORDED PREFERRED SECTOR STATUS IN 1991. THIS MAKES IT QUALIFY FOR SUCH INCENTIVES AS TAX HOLIDAYS, LONGER YEARS OF MORATORIUM AND IMPORT DUTY EXEMPTION ON TOURISM RELATED EQUIPMENT;

STATE GOVERNMENTS ARE PREPARED TO FACILITATE ACQUISITION OF LAND THROUGH THE ISSUANCE OF CERTIFICATE OF OCCUPANCY FOR THE PURPOSE OF TOURISM DEVELOPMENT;

25% OF INCOME DERIVED FROM TOURISTS BY HOTELS IN CONVERTIBLE CURRENCIES ARE TAX-EXEMPT PROVIDED SUCH INCOME IS PUT IN A RESERVE FUND TO BE UTILIZED WITHIN 5 YEARS FOR EXPANSION OR THE CONSTRUCTION OF NEW HOTELS, CONFERENCE CENTRES, ETC THAT ARE USEFUL FOR TOURISM DEVELOPMENT.

ENERGY SECTOR

ALL AREAS OF INVESTMENT IN THIS SECTOR ARE CONSIDERED TO BE PIONEER PRODUCT OR INDUSTRY. AS A RESULT, THERE IS A TAX HOLIDAY OF 5 TO 7 YEARS FOR INVESTMENTS IN THE SECTOR.

THERE HAS BEEN A DEREGULATION OF THIS SECTOR RESULTING IN THE EMERGENCE OF INDEPENDENT POWER PRODUCERS (IPP) THAT WILL SOON START OPERATION IN NIGERIA.

TELECOMMUNICATIONS

GOVERNMENT PROVIDES NON-FISCAL INCENTIVES TO PRIVATE INVESTORS IN ADDITION TO A TARIFF STRUCTURE THAT ENSURES THAT INVESTORS RECOVER THEIR INVESTMENT OVER A REASONABLE PERIOD OF TIME, BEARING IN MIND THE NEED FOR DIFFERENTIAL TARIFFS BETWEEN URBAN AND RURAL AREAS. REBATE AND TAX RELIEF ARE PROVIDED FOR THE LOCAL MANUFACTURE OF TELECOMMUNICATIONS EQUIPMENT AND PROVISION OF TELECOMMUNICATION SERVICES.

TAX INCENTIVES FOR OTHER LINES OF TRADE

COMPANIES PROFITS IN RESPECT OF GOODS EXPORTED FROM NIGERIA, ARE EXEMPT FROM TAX PROVIDED THE PROCEEDS ARE REPATRIATED TO NIGERIA AND USED EXCLUSIVELY FOR THE PURCHASE OF RAW MATERIALS, PLANTS EQUIPMENT AND SPARE PARTS.

PROFITS OF COMPANIES WHOSE SUPPLIES ARE EXCLUSIVELY INPUT TO THE MANUFACTURING OF PRODUCTS FOR EXPORTS, ARE EXCLUDED FROM TAX.

ALL NEW INDUSTRIAL UNDERTAKINGS INCLUDING FOREIGN COMPANIES AND INDIVIDUALS OPERATING IN AN EXPORT PROCESSING ZONE (EPZ), ARE ALLOWED FULL TAX HOLIDAYS FOR THREE CONSECUTIVE YEARS.

AS A MEANS OF ENCOURAGING INDUSTRIAL TECHNOLOGY, COMPANIES AND OTHER ORGANISATIONS THAT ENGAGE IN RESEARCH AND DEVELOPMENT ACTIVITIES FOR COMMERCIALISATION ARE TO ENJOY 20% INVESTMENT TAX CREDIT ON THEIR QUALIFYING EXPENDITURE.

ALL COMPANIES ENGAGED WHOLLY IN THE FABRICATION OF TOOLS, SPARE PARTS AND SIMPLE MACHINERY FOR LOCAL CONSUMPTION AND EXPORT ARE TO ENJOY 25% INVESTMENT TAX CREDIT ON THEIR QUALIFYING CAPITAL EXPENDITURE WHILE ANY TAX PAYER WHO PURCHASES LOCALLY MANUFACTURED PLANTS AND MACHINERY ARE SIMILARLY ENTITLED TO 15% INVESTMENT TAX CREDIT ON SUCH FIXED ASSETS BOUGHT FOR USE.

EXPORT INCENTIVES FOR NON-OIL SECTOR

EXPORT PROCEEDS CAN BE RETAINED IN FOREIGN CURRENCY IN A DOMICILIARY ACCOUNT WITH ANY AUTHORISED BANK IN NIGERIA.

A SPECIAL EXPORT DEVELOPMENT FUND HAS BEEN SET UP BY THE GOVERNMENT TO PROVIDE FINANCIAL ASSISTANCE TO PRIVATE SECTOR EXPORTING COMPANIES TO COVER A PART OF THEIR INITIAL EXPENSES IN SOME EXPORT PROMOTION ACTIVITIES, INCLUDING TRAINING COURSES, SYMPOSIA, SEMINARS AND WORKSHOPS, EXPORT MARKET RESEARCH, ADVERTISING AND PUBLICITY CAMPAIGNS IN FOREIGN MARKETS, TRADE MISSIONS, ETC.

THERE IS ALSO AN EXPORT ADJUSTMENT FUND SCHEME WHICH SERVES AS SUPPLEMENTARY EXPORT SUBSIDY TO COMPENSATE EXPORTERS FOR THE HIGH COST OF LOCAL PRODUCTION ARISING MAINLY FROM INFRASTRUCTURAL DEFICIENCIES, AND OTHER NEGATIVE FACTORS BEYOND THE CONTROL OF THE EXPORTER.

FINALLY, NIGERIAN GOVERNMENT ESTABLISHED IN 1991, AN EXPORT PROCESSING ZONE (EPZ), WHICH ALLOWS INTERESTED PARTIES TO SET UP INDUSTRIES AND BUSINESSES WITHIN DEMARCATED ZONES, WITH THE OBJECTIVE OF EXPORTING THE GOODS AND SERVICES MANUFACTURED OR PRODUCED WITHIN THE ZONES.

CALABAR IN CROSS RIVER STATE HAS BEEN DESIGNATED AS THE PRIMARY EPZ TERRITORY IN NIGERIA. INCENTIVES WITHIN THE TERRITORY INCLUDE, TAX HOLIDAY RELIEF; UNRESTRICTED REMITTANCE OF PROFITS AND DIVIDENDS EARNED BY FOREIGN INVESTORS; NO IMPORT OR EXPORT LICENSES ARE REQUIRED; UP TO 100% FOREIGN OWNERSHIP OF ENTERPRISES; SALE OF UP TO 25% OF PRODUCTION IS PERMITTED IN DOMESTIC MARKET; ETC,

ALL EXPORTS UNDER THE NIGERIAN VALUE ADDED TAX (VAT) SYSTEM ARE ZERO-RATED AND DIVIDENDS RECEIVED FROM INVESTMENT IN EXPORT-ORIENTED BUSINESSES ARE TO BE FREE OF TAX.